

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA IMMEDIATE

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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JOINT STATE COMMERCE MESSAGE

E.O. 11652: N/A

TAGS: BEXP, BR

SUBJECT: TRADE CENTER

REF: BRASILIA 2798

1. WE ARE SURPRISED AND DISTURBED BY ATTITUDE GOB COMMITTEE
TOWARD PROPOSED TRADE CENTER AND HOPE EMBASSY CAN OBTAIN
FAVORABLE DECISION AT CABINET LEVEL. IN ADDITION TO
CAUSING LOSS OF SUBSTANTIAL USG FINANCIAL INVESTMENT THUS
FAR MADE IN TRADE CENTER AND HAMPERING OUR TRADE PROMOTION
EFFORTS IN BRAZIL, ADVERSE POLITICAL EFFECTS MAY RESULT
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FROM DENIAL. CONGRESS SPECIFICALLY DIRECTED COMMERCE TO

ESTABLISH SAO PAULO TRADE CENTER AND THERE MAY BE ADVERSE REACTION IF IT BECOMES NECESSARY TO REPORT TO CONGRESS THAT ITS DIRECTIVE CANNOT BE CARRIED OUT DUE TO DENIAL OF PERMISSION BY GOB. DENIAL WILL BE PARTICULARLY ANNOYING IN VIEW FACT THAT MOST OF OUR OTHER MAJOR TRADING PARTNERS HAVE FREELY GRANTED USG PERMISSION TO OPERATE TRADE CENTERS, THAT BRAZILIAN LEGISLATION APPARENTLY GRANTS PRIVATE INDIVIDUALS ESSENTIALLY SAME PRIVILEGES USG IS REQUESTING (RIO A-4 OF JAN. 3, 1973), AND THAT BRAZILIANS CAN EXHIBIT GOODS IN U.S. WITH TEMPORARY DUTY FREE ENTRY UNDER TRADE FAIR ACT.

2. IN FURTHER DISCUSSIONS WITH GOB, EMBASSY SHOULD EMPHASIZE FOLLOWING POINTS:

A. TRADE CENTER WOULD NOT OPEN BEFORE LATTER HALF OF 1977 AT EARLIEST THUS COINCIDING WITH ANTICIPATED IMPROVEMENT IN BRAZILIAN BALANCE OF PAYMENTS.

B. IT IS INTENDED THAT GOODS DISPLAYED AT TRADE CENTER BE TYPES NOT MANUFACTURED LOCALLY; AND OUR EFFORTS WILL NOT BE DIRECTED AT COMPETING WITH BRAZILIAN MANUFACTURERS.

C. TRADE CENTER WILL SERVE ADVANCE TECHNOLOGY OF BRAZILIAN INDUSTRY THROUGH INTRODUCTION OF LATEST AND BEST IN U.S. MACHINERY AND EQUIPMENT.

D. TRADE CENTER WILL PROMOTE INVESTMENT IN BRAZIL BY FACILITATING QUEST FOR JOINT VENTURE PARTNERS BY U.S. FIRMS AND BY GENERALLY HEIGHTENING INTEREST OF U.S. BUSINESSMEN IN THE BRAZILIAN ECONOMY. TRADE CENTER WOULD THUS BE TWO-WAY STREET NOT ONLY EXPOSING BRAZIL TO LATEST TECHNOLOGY USEFUL FOR BRAZIL'S OWN EXPORTS, BUT ALSO INTRODUCING SOPHISTICATED SEGMENT OF U.S. INDUSTRY TO INVESTMENT OPPORTUNITIES IN BRAZIL.

3. CONGRESSIONAL AUTHORIZATION TO ESTABLISH SAO PAULO TRADE CENTER IN FY 1977 REPRESENTS CULMINATION OF MANY YEARS OF PLANNING AND EFFORT. IF GOB NOW REFUSES PERMISSION, IT IS UNLIKELY THAT ANY FURTHER EFFORTS TO ESTABLISH LIMITED OFFICIAL USE

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LISH A TRADE PROMOTION FACILITY OF THIS TYPE IN BRAZIL WILL BE MADE IN THE FORESEEABLE FUTURE.

4. ACTION REQUESTED: WOULD APPRECIATE AMBASSADOR'S ASSESSMENT OF SITUATION AND RECOMMENDATIONS AS TO FURTHER APPROACHES TO GOB EITHER IN WASHINGTON OR BRASILIA. KISSINGER

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